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UNCLAS SECTION 01 OF 02 PORT OF SPAIN 000863

SIPDIS

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SENSITIVE

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TAGS: [EPET](#) [ECIN](#) [PREL](#) [TD](#)  
SUBJECT: TRINIDAD/VENEZUELA CLOSER TO TREATY ON USE OF  
SHARED GAS RESERVES

REF: (A) POS 295; (B) POS 263; (C) 05 POS 147

SENSITIVE BUT UNCLASSIFIED

¶1. (U) The June 19 edition of daily paper "Trinidad & Tobago Newsday" reported on a Ministry of Foreign Affairs release that addressed a future agreement between the governments of T&T and Venezuela on shared gas reserves. Full text of the release follows in next paragraph.

¶2. (U) Begin Text:

MEDIA RELEASE  
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The Governments of Trinidad and Tobago and Venezuela are one step closer to concluding agreements for the unitising of any hydrocarbon reserves that straddle the maritime boundary, in order to provide for the sharing of the costs and benefits of development by both countries and to ensure that such exploitation takes place in the most efficient and effective manner possible.

At the Seventh Ordinary Meeting of the Steering Committee on the Unitisation of Cross-border Hydrocarbon Reservoirs, which was held recently in Port of Spain, significant advances were made in the drafting and examination of particular provisions of a Draft Framework Unitisation Treaty.

The Treaty, which is to be signed by both countries, is being considered by the respective Energy Ministers and will also include a provision on local content.

The document before the Energy Ministers also contains the Final Report of the Loran/Manatee Technical Working Group, which determined the volume of gas in place in the Loran/Manatee field and the respective allocations to Trinidad and Tobago and Venezuela.

The Kapok/Dorado Technical Working Group is presently examining data on the Kapok/Dorado field that was recently exchanged by the two countries.

The initiative of Trinidad and Tobago and Venezuela for the unitisation of the cross-border reserves is an important element in the maximization of the value of the hydrocarbons, in the furtherance of regional integration and the enhancement of bilateral synergies to the mutual advantage of all parties concerned.

Ministry of Foreign Affairs  
Tuesday July 18, 2006

End Text.

13. (SBU) Gerald Thompson, head of legal/maritime affairs at MFA, elaborated on the ministry's release in a July 20 follow up conversation with Econoff. Thompson said the Joint Steering Committee, comprising members of both governments, had met July 6-7 and received the report from Loran/Manatee gas reserve field working group. The Loran/Manatee field, straddling the T&T/Venezuela border, lies some 55 miles off the southeast tip of Trinidad. Thompson emphasized that the working group report, which determined field volume and country allocation, was notable for the fact that it "settled" a major point toward the conclusion of the unitization agreement. The field working group for the other field -- Kapok/Dorado -- which lies closer to Trinidad along the shared border -- is continuing its assessments, Thompson said.

14. (SBU) Thompson told us that the steering committee, which was established in the August 2003 Memorandum of Understanding between the T&T and Venezuelan governments, has a mandate to draft the bilateral treaty. He predicted that the steering committee would finish drafting the treaty by the end of the year with the document then "presumably" going to each country's energy ministries for final review. With representation from both governments on the committee, Thompson felt that there would be little need for further negotiation or discussion once that final draft was completed.

15. (SBU) In a separate July 20 conversation, Dave

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Mohammed, ChevronTexaco Deputy Country Representative, told Econoff that he had been a member of the Loran/Manatee Technical Working Group. Although saying he was bound by confidentiality, Mohammed noted that the T&T side of the working group included two Chevron officials, two from BG and a GOTT-appointed co-chair. The Venezuelan half also included a co-chair, two Venezuelan government members and two officials from the state-owned petroleum company, PDVSA. Mohammed stated that the group worked "assiduously" over the past year and half, exchanging data from the outset. Since Chevron was not interested in the Kapok/Dorado field, the company was not involved in the other technical working group, he said.

COMMENT

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16. (U) While not a giant step forward, the two countries finally appear to have a text for energy ministers to review. However tedious the work has been to this stage, the most difficult step remains - final blessing by PM Manning and Venezuelan President Chavez. Our soundings of the players involved in this process suggest that the Venezuelan president will make the decision personally for his country. It is similarly likely that Manning will also take a key role in a review by the T&T Cabinet of such a commercially important agreement. Meanwhile negotiations on the other block will surely take longer to complete - Kapok/Dorado lacks a common upstream company like ChevronTexaco, which was able to make the work on Loran/Manatee go more swiftly despite the field having been discovered more recently than Kapok/Dorado.

SWEENEY